

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 TRSE-00 XMB-04 OPIC-06 SP-02 CIEP-02

LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 L-02

H-02 PA-02 PRS-01 USIA-15 /100 W

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R 031601Z MAR 75

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 5352

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

OECD PARIS 4722

UNCLAS THE HAGUE 1097

E.O. 11652: N/A

TAGS: SENV, EIND, ECON, NL

SUBJECT: NETHERLANDS SELECTIVE INVESTMENT REGULATION

REF: HAGUE A-103, 5/21/74

1. AGAINST OPPOSITION BY ECONOMICS MINISTER LUBBERS, THE SECOND CHAMBER HAS ADOPTED MOTION BY THREE CHRISTIAN DEMOCRATIC PARTIES AND OPPOSITION PARTY VVD WHICH WOULD ELIMINATE FROM SELECTIVE INVESTMENT REGULATION (SIR) THE REGISTRATION REQUIREMENT ON PLANNED NEW INVESTMENT OR EXPANSION OF EXISTING INVESTMENT IN WESTERN HOLLAND OUTSIDE RPT OUTSIDE OF THE RIJNSMOND (RHINE ESTUARY) AREA. THE CHAMBER ALSO ADOPTED A GOVERNMENT PROPOSAL TO REDUCE THE LEVY ON INVESTMENTS IN BUILDINGS IN THE RIJNSMOND TO 10 PERCENT (FROM 25 PERCENT PREVIOUSLY PROVIDED IN THE SIR) AND ON OPEN-AIR INSTALLATIONS IN THE ENTIRE WESTERN PART OF THE COUNTRY TO 3 PERCENT FROM EARLIER 10 PERCENT.

2. ALSO APPROVED WAS A GON PROPOSAL TO LIMIT THE SIR

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LICENSING PROCEDURE, WHICH IS DIFFERENT FROM REGISTRATION

PROCEDURE, TO INVESTMENTS IN THE RIJNMOND AREA ONLY, RATHER THAN TO ALL OF WESTERN NETHS AS PROVIDED IN ORIGINAL LAW. (NOTE: SIR "REGISTRATION" PROCEDURE REQUIRES THAT PROSPECTIVE INVESTORS NOTIFY GOVT IN ADVANCE CONCERNING PLANNED INVESTMENTS IN AREAS AND OF TYPES SPECIFIED. IN ABSENCE OF GOVT OBJECTION, INVESTOR MAY PROCEED WITH INVESTMENT PLANS 30 DAYS AFTER NOTIFICATION TO GOVT. UNDER "LICENSING" PROCEDURE THE INVESTOR MUST AWAIT EXPLICIT GOVT APPROVAL BEFORE EXECUTING INVESTMENT PLANS. IN CASES WHERE LEVIES APPLY, THESE ARE ADDITIONAL TO LICENSING REQUIREMENT). RIJNMOND ITSELF MAY DECIDE ON LICENSES FOR BUILDINGS WHEN BUILDING COSTS ARE UNDER 10 MILLION GUILDERS AND FOR MACHINERY UNDER 50 MILLION GUILDERS. THE UPPER CHAMBER HAS YET TO ACT ON THE ABOVE PROPOSALS.

3. THE SIR WAS APPROVED OVER A YEAR AGO TO CURB GROWTH OF INDUSTRIAL ESTABLISHMENTS IN CONGESTED WESTERN NETHERLANDS AND TO STIMULATE INDUSTRIALIZATION ELSEWHERE IN THE COUNTRY. HOWEVER, BECAUSE OF THE UNCERTAIN INVESTMENT CLIMATE THAT HAS PREVAILED NATIONWIDE SINCE ADOPTION OF THE SIR, THE LAW HAS NOT YET BEEN PUT INTO EFFECT; PROSPECTS ARE THAT IT WILL BE BY THIS SUMMER.
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